



Sustainable delivery through partnership

Eco³nomy – where do we go from here?

As the clock ticks down towards the end of ECO2t, we all await the consultation on the future of ECO 3 and the changes this is bound to bring.

What do we know for certain?

Very little, although we do know that Government is committed via the Clean Growth Strategy <https://www.gov.uk/government/publications/clean-growth-strategy/clean-growth-strategy-executive-summary> to spend £640m a year right through until March 2022.

The consultation is hopefully to be published by the end of this month and following discussions with BEIS officials, we can reveal that ECO 3 will likely:-

1. Be aimed squarely at alleviating Fuel Poverty and will therefore NOT include funding for the Able to Pay. No CERO!
2. Widen eligibility to those deemed to be in fuel poverty, (and therefore eligible to ECO funding) to include those private householders in receipt of disability benefit and child benefit, although the latter may come with income related restrictions. Eligible household numbers are due to rise from 4.7m to approximately 7m
3. Include a larger role for LA Flex, with likely increases to the percentage of the obligation that can be delivered by this route

4. Be mainly about insulation! There will be no funding for oil-fired central heating replacements, although electric storage heater and gas boiler replacements will continue, albeit at restricted levels.
5. Include first time central heating installations, although there are bound to be restrictions.
6. Include boiler replacement in combination with insulation installations, although its is unclear at present how this will work in practice, although we are lead to believe there will be a 35000 installs cap on gas central heating replacements in general.
7. Place a premium on innovative solutions. Its difficult to know what innovative will mean in practice, but we think ministers want to see whole solutions coming to the forefront and possibly integration of renewable energy sources.
8. Place a continued emphasis on measures to rural properties
9. Not include a greater minimum requirement for solid wall insulation
10. See some changes to the deemed scores and POPT requirements, although this is in the hands of OFGEM

Our thoughts here at Osborne..

Hmmm...

We are obviously pleased to see government commitment for ECO continue. However, without the big HHMR numbers delivered by oil boiler replacements in ECO2t, will the widening of eligibility produce the numbers of insulation-treatable properties needed to fulfil the obligation?

We doubt it. The fuel poor demographic proposed has been extensively mined for insulation measures since the days of HEES and in our view needs to further widened to include, say, householders over the age of 70. Time will tell,

but those of us involved in CERT will remember!

Are storage heater replacements going to help householders in fuel poverty? Unlikely. The Energy Saving Trust states that they are currently the most expensive form of central heating <http://www.energysavingtrust.org.uk/home-energy-efficiency/heating-and-hot-water/electric-heating-systems> so why does government want to support their replacement?

We welcome the expansion of LA Flex as a route to delivery, but feel government needs to both support and police authorities in this respect, as many still have not published a statement of intent, while others remain cautious of its content.

It will be interesting to see how OFGEM intends to handle deemed scores and POPT, but we do hope for a simpler approach that will hopefully reduce administration. It is worth noting that current deemed scores for gas heated semi-detached and terraced properties, while reflecting carbon reduction, do not promote insulation installation as the subsequent installation rates are uneconomical.

ECO2t - what do they next few months hold in store?

Energy suppliers are reining in funding for central heating replacements as they are naturally wary of over delivery as ECO 3 approaches, but there is still an appetite for insulation measures for both CERO and HHMR obligations as they are confident of being allowed to carry over-delivery forward into ECO 3.

The latest figures provided by OFGEM can be found here:

<https://www.ofgem.gov.uk/environmental-programmes/eco/contacts-guidance-and-resources/eco-public-reports-and->

[data/scheme?utm_source=OFGEM&utm_medium=email&utm_campaign=1071079_ECO%20newsletter%20issue%2031%20v1&utm_content=ecopublicreports_title&dm_i=2UKB,MYG7,5GM46J,2DK3C,1](https://www.ofgem.gov.uk/data/scheme?utm_source=OFGEM&utm_medium=email&utm_campaign=1071079_ECO%20newsletter%20issue%2031%20v1&utm_content=ecopublicreports_title&dm_i=2UKB,MYG7,5GM46J,2DK3C,1)

Here at Osborne we are looking to expand our Insulation Installer Network and can offer very competitive rates and payment terms for delivery through until the close of ECO2t in September 2018.

We will keep you updated as the Eco³nomy takes shape and are happy to discuss your current funding requirements at any time.

Best wishes,

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